

AMENDED IN SENATE JANUARY 26, 2004

AMENDED IN SENATE JANUARY 14, 2004

AMENDED IN SENATE JANUARY 5, 2004

**SENATE BILL**

**No. 740**

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**Introduced by Senator Kuehl**  
**(Principal coauthor: Senator Dunn)**  
**(Coauthor: Senator Sher)**  
(Coauthor: Assembly Member Laird)

February 21, 2003

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An act to ~~repeal and~~ add Section ~~798.80~~ of 798.80.5 to the Civil Code, relating to mobilehome parks.

LEGISLATIVE COUNSEL'S DIGEST

SB 740, as amended, Kuehl. Mobilehome parks: sales of parks.

Existing law requires the owner of a mobilehome park who lists for sale or offers to sell the mobilehome park to any party, with certain exceptions, to provide written notice of his or her intention to sell, as specified, to any resident organization formed by homeowners as a nonprofit corporation, stock cooperative corporation, or other entity for purposes of converting the mobilehome park to cooperative or condominium ownership and for purchasing the park.

This bill would ~~delete these provisions, and instead~~ provide that homeowners in a mobilehome park who have fulfilled certain requirements shall have ~~the~~ a right of first refusal if a mobilehome park owner desires to sell the park. The bill would limit application of this right of first refusal to mobilehome parks in which 30% of the spaces are occupied by low-income residents or homeowners, as specified. To have the right of first refusal, the bill would require that: (1) the

homeowners form a resident organization, as specified, which would be required to represent at least  $\frac{2}{3}$  of the mobilehome owners of the park and be authorized to act on their behalf; (2) the resident organization contract with a specified 3rd party to represent the organization and facilitate the purchase; and (3) the resident organization provide notice of the residents' desire to purchase the park, in writing, as specified, to the park owner or manager. The bill would require the resident organization to provide a specified notice in order to maintain the right of first refusal.

The bill would require a park owner to follow a specified procedure for informing the resident organization if the mobilehome park owner ~~desires to sell the park, or~~ has received a bona fide offer from a 3rd party to buy the park, *and desires to sell*, including specifying the price and terms of the potential sale. The bill would require the resident organization to notify the park owner within 15 days of receiving notice from the owner, as specified, that it is considering the offer to purchase, or lose the right of first refusal. The bill would provide that, after notifying the park owner, as specified, the resident organization would have 30 days to exercise its right of first refusal by making a bona fide offer to meet the price and substantially the same terms. The bill would prohibit a sale to a third party at a price less, or on terms more favorable to the buyer, than those communicated to the resident organization. The bill would except from its provisions certain sales and transfers. The bill would also make a statement of legislative findings and declarations regarding housing.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature hereby finds and declares all of
- 2 the following:
- 3 (a) (1) Approximately 220,000 housing units need to be
- 4 produced in California each year to meet demand. Yet only four
- 5 times in the last 20 years has the production target been reached.
- 6 (2) While the national homeownership rate has reached a
- 7 record high, the rate in California is 10 percent below the national
- 8 average, and ranks 48th in the nation.
- 9 (3) There is an extreme shortage of rental housing in
- 10 California, particularly for lower income renters.



1 (4) Over one-third of all renter families statewide pay over half  
2 their incomes in rent.

3 (5) More than 147,000 rental units built in this state prior to  
4 1980 under the Section 236, Section 221(d)(3), and Section 8  
5 programs of the United States Department of Housing and Urban  
6 Development and the Section 515 program of the federal Farmers  
7 Home Administration are at risk of conversion to higher rent  
8 housing or condominium units. Loss of this housing stock will  
9 displace thousands of elderly, disabled, and struggling families  
10 with no place to go.

11 (6) The basic housing goal for state government pursuant to  
12 subdivision (b) of Section 50003 of the Health and Safety Code is  
13 to provide a decent home and suitable living environment for every  
14 California family.

15 (b) (1) There is a critical need to protect and preserve  
16 affordable homes and rental housing in California, and seniors on  
17 fixed incomes and individuals and families of low and moderate  
18 income are particularly vulnerable to the escalating costs of  
19 housing, including increasing rents on mobilehome spaces upon  
20 which their mobilehomes are situated.

21 (2) In 1984, the Legislature enacted the Mobilehome Park  
22 Resident Ownership Program to help facilitate the purchase of  
23 mobilehome parks by residents.

24 (3) Mobilehome parks provide an affordable form of housing  
25 and homeownership for many Californians, and the conversion of  
26 parks to resident ownership is often undertaken to ensure  
27 continued affordability.

28 (4) Increasing rents and low vacancy rates in mobilehome  
29 parks, as well as the pressure to convert mobilehome parks to other  
30 uses, increasingly make mobilehome park living insecure for  
31 mobilehome owners.

32 (5) Therefore, it is the intent of the Legislature to encourage  
33 and facilitate the conversion of mobilehome parks to resident  
34 ownership in the event of a voluntary sale of a mobilehome park,  
35 and it is in the public interest to encourage mobilehome owners  
36 who are interested and financially motivated to collectively  
37 acquire the mobilehome parks in which they live.

38 (c) (1) It is in the public interest to provide a right of first  
39 refusal to mobilehome owners to purchase the parks in which they

live, in the event of a voluntary sale of the park, provided that certain conditions have been met by the mobilehome owners.

(2) Recognizing the property rights of the park owner as well as the investment which mobilehome owners have made in their homes, the Legislature further finds and declares that:

(A) In establishing this right of first refusal, the Legislature is not mandating that a park owner must sell if he or she does not want to sell, nor is the Legislature specifying the price or terms at which a park owner shall sell.

(B) The sale of a rental mobilehome park to investors other than the park residents will likely lead to increasing costs to residents.

(C) If a park owner who has decided to sell can receive his or her price and terms for the mobilehome park from the residents of the park, the public interests are best served if the resident organization is given the opportunity to purchase the park.

~~SEC. 2. Section 798.80 of the Civil Code is repealed.~~

~~SEC. 3. Section 798.80 is added to the Civil Code, to read:~~

~~798.80. Section 798.80.5 is added to the Civil Code, to read:~~

798.80.5. (a) The homeowners who have fulfilled the requirements of this section shall have ~~the~~ a right of first refusal ~~if a mobilehome park owner desires to sell the park to purchase the park as set forth in subdivision (d).~~

(b) To have the right of first refusal for purchasing the mobilehome park, the homeowners shall satisfy all of the requirements of paragraphs (1) to (3), inclusive. The right of first refusal shall only apply to a listing, offer to sell, or third-party offer to purchase that postdates the satisfaction of these requirements by the homeowners.

(1) Form a resident organization as a nonprofit corporation, pursuant to Section 23701v of the Revenue and Taxation Code, stock cooperative corporation, or other entity for purposes of converting the mobilehome park to condominium, stock cooperative ownership interests, or other form of ownership and for purchasing the mobilehome park from its owner for the benefit of the residents of the mobilehome park.

(A) The resident organization shall represent at least two-thirds of the mobilehome owners of the park as evidenced by an acknowledgment in writing by participating residents that the organization has the authority to act on their behalf.

(B) The resident organization's bylaws and articles of incorporation or other provisions shall provide that the organization has the authority to negotiate, acquire, and operate the mobilehome park on behalf of the residents.

(2) Contract with a housing consultant, nonprofit housing corporation, or real estate licensee to represent the resident organization and to facilitate a purchase of the mobilehome park from the park owner.

(3) Notify the park owner or manager in writing that the park residents desire to purchase the mobilehome park and that the residents have fulfilled the requirements of paragraphs (1) and (2). The right of first refusal shall apply only to a written listing, offer to sell, or a third-party offer to purchase the mobilehome park that postdates the initial receipt of this notice by the park owner or manager. Any notice under this subdivision shall include the names and addresses of the officers to whom a park owner shall provide information concerning a possible sale of the mobilehome park, as well as the name and address of the housing consultant, nonprofit housing corporation, or real estate licensee who will represent the residents with respect to a park purchase.

(c) (1) To maintain the right of first refusal, the resident organization shall provide subsequent notice of its desire to purchase the mobilehome park once within 12 months following its last notice.

(2) Any notice under this subdivision shall include the names and addresses of the officers to whom a park owner shall provide information concerning a possible sale of the mobilehome park, as well as the name and address of the housing consultant, nonprofit housing corporation, or real estate licensee who will represent the residents with respect to a park purchase.

(3) The resident organization shall furnish the park owner or park manager a written notice of any change in the names or addresses of the officers of the resident organization to whom the notice of sale shall be given within five days of the change.

~~(d) (1) If the mobilehome park owner desires to sell the park and the transaction is not exempt under subdivision (c), the owner shall promptly inform the resident organization that has met the requirements of this section in writing of the desire to sell. The park owner shall inform the resident organization of the price and terms upon which the owner is willing to sell.~~

~~(A) Within 15 days of receiving notice that the mobilehome park owner desires to sell the park, the resident organization shall inform the mobilehome park owner that it is considering an offer to purchase. If the resident organization notifies the park owner that it does not wish to exercise its right to purchase the park, or if it fails to inform the mobilehome park owner within 15 days of its intention to exercise its right to purchase the park, that right shall terminate.~~

~~(B) The resident organization shall have an additional 30 days after its expression of consideration within which to exercise its right of first refusal by offering to meet the price and substantially the same terms.~~

~~(C) The sale to a third party may not be made for a price that is less, or on terms that are more favorable to the buyer, than the price or terms communicated to the resident organization.~~

~~(2) If the park owner has received a bona fide offer to purchase from a third party, and desires to sell, the owner shall inform the resident organization that has met the requirements of this section and provide the organization with a copy of the offer and any supporting materials.~~

~~(A)~~

(2) The park owner may not sell the park to a third party if, within 15 days of receiving notification from the park owner, the resident organization notifies the park owner that it is considering an offer to purchase. If the resident organization notifies the park owner that it does not wish to exercise its right to purchase the park, or it fails to inform the mobilehome park owner within 15 days of its intention to exercise its right to purchase the park *that it is considering an offer to purchase*, that right shall terminate.

~~(B)~~

(3) The resident organization shall have 30 days after its expression of consideration within which to exercise its right of first refusal by making a bona fide offer to meet the price and substantially the same terms made by the third party.

~~(C)~~

(4) The sale to the third party may not be made for a price less, or on terms more favorable to the buyer, than the price or terms communicated to the resident organization.

(e) This section does not apply to:

1 (1) A sale or other transfer by a park owner who is a natural  
2 person to any relation specified in Section 6401 or 6402 of the  
3 Probate Code.

4 (2) A transfer by gift, devise, or operation of law.

5 (3) A transfer by a corporation to an affiliate. As used in this  
6 paragraph, “affiliate” means any shareholder of the transferring  
7 corporation, any corporation or entity owned or controlled,  
8 directly or indirectly, by the transferring corporation, or any other  
9 corporation or entity controlled, directly or indirectly, by any  
10 shareholder of the transferring corporation.

11 (4) A transfer by a partnership to any of its partners.

12 (5) A conveyance resulting from the judicial or nonjudicial  
13 foreclosure of a mortgage or deed of trust encumbering a  
14 mobilehome park or any deed given in lieu of such a foreclosure.

15 (6) A sale or transfer between or among joint tenants or tenants  
16 in common owning a mobilehome park.

17 (7) The purchase of a mobilehome park by a governmental  
18 entity under its powers of eminent domain.

19 (f) This section shall apply only if at least 30 percent of the  
20 spaces in the mobilehome park are occupied by low-income  
21 residents, or homeowners, or both, whose income is 80 percent or  
22 less of the area median income.

